

FIRST REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILLS NOS. 888, 942 & 943
91ST GENERAL ASSEMBLY

Reported from the Committee on Missouri Tobacco Settlement, April 5, 2001, with recommendation that the House Committee Substitute for House Bills Nos. 888, 942 & 943 Do Pass.

TED WEDEL, Chief Clerk

2145L.03C

AN ACT

To amend chapter 196, RSMo, by adding thereto ten new sections relating to tobacco, with a referendum clause.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Chapter 196, RSMo, is amended by adding thereto ten new sections, to be known as sections 196.1075, 196.1078, 196.1081, 196.1084, 196.1087, 196.1090, 196.1096, 196.1099, 196.1102 and 196.1105, to read as follows:

196.1075. 1. As used in sections 196.1075 to 196.1105, the following terms mean:

(1) "Account", an account within the health care trust fund created in subsection 2 of this section;

(2) "Health care trust fund", the fund created in subsection 2 of this section;

(3) "MSA", the master settlement agreement entered into on November 23, 1998, as amended, in the tobacco case;

(4) "Tobacco case", the case of *State of Missouri ex rel. Jeremiah W. (Jay) Nixon, Attorney General v. The American Tobacco Company, Inc., et al.*, case number 972-1465, filed in the circuit court of the City of St. Louis, state of Missouri;

(5) "Tobacco claim", any claim of the state of Missouri for conduct, acts or omissions arising out of or in any way related, in whole or in part, to the use, sale, distribution, manufacture, development, advertising, marketing or health affects of tobacco products; the exposure to tobacco products; or research, statements or warnings regarding the potential adverse affects of tobacco use, including those asserted in the tobacco case and any claims of the same or similar nature against any person or entity, including but not limited to the defendants in the tobacco case, provided that a claim of the state of

17 **Missouri for taxes or licensure fees shall not be considered a tobacco claim;**

18 **(6) "Tobacco claim payment", any moneys or proceeds of any moneys, including**
19 **interest thereon, paid into the state treasury as a result of a tobacco claim, including but**
20 **not limited to a payment to the state of Missouri pursuant to the MSA or any other tobacco**
21 **claim settlement, award or judgment. Tobacco claim payment shall include any moneys**
22 **paid into the state treasury that results in a direct offset or reduction of moneys received**
23 **into the state treasury pursuant to the MSA or any other tobacco claim settlement, award**
24 **or judgment.**

25 **2. The first one hundred twenty-five million dollars of tobacco claim payments shall**
26 **be deposited in an endowment fund to be known as the "Fund for Missouri's Future" and**
27 **shall not be subject to appropriation without a two-thirds vote of the members elected to**
28 **each house of the general assembly as authorized by a concurrent resolution. The state**
29 **treasurer shall invest moneys in the fund in the same manner as surplus funds are invested**
30 **pursuant to section 30.260, RSMo. All earnings resulting from the investment of the**
31 **moneys in the fund for Missouri's future shall be credited to such fund until the corpus of**
32 **the fund reaches one billion dollars. Any tobacco claim payments received by the state**
33 **after the initial one hundred twenty-five million dollars is deposited in the fund for**
34 **Missouri's future and any earnings resulting from the investment of the moneys in the fund**
35 **after the corpus of the fund reaches one billion dollars shall be deposited into a special**
36 **trust fund to be known as the "Health Care Trust Fund" and shall be allocated by the state**
37 **treasurer into separate accounts within the health care trust fund in accordance with**
38 **sections 196.1075 to 196.1105 and shall be subject to appropriation for smoking prevention**
39 **and cessation, early childhood care and education, prescription drug coverage and health**
40 **care, and life sciences and medical research.**

41 **3. No moneys shall be withdrawn from the health care trust fund or any account**
42 **of such fund except by an appropriation for the purpose and use authorized for such fund**
43 **and any applicable account. No obligation for payment of moneys so appropriated from**
44 **the health care trust fund and any applicable account of such fund shall be incurred and**
45 **paid unless the commissioner of the office of administration certifies it for payment and**
46 **further certifies that:**

47 **(1) The moneys were properly allocated to the health care trust fund and any**
48 **applicable account by the state treasurer;**

49 **(2) The expenditure is within the purpose and use required for the health care trust**
50 **fund and any applicable account;**

51 **(3) The expenditure is within any more specific purpose or use lawfully contained**
52 **within the appropriation made by the general assembly; and**

53 **(4) There is an appropriation of an unencumbered balance within the health care**
54 **trust fund and any applicable account sufficient to pay it.**

55

56 **At the time of issuance, each certification shall be entered on the general accounting books**
57 **as an encumbrance on the appropriation.**

196.1078. 1. The state treasurer shall allocate tobacco claim payments credited to
2 **the health care trust fund as follows:**

3 **(1) Fifty-five percent of such moneys shall be placed into the prescription drug**
4 **coverage and health care treatment and access account created in subsection 1 of section**
5 **196.1081;**

6 **(2) Ten percent of such moneys shall be placed into the tobacco prevention,**
7 **education and cessation account created in section 196.1084;**

8 **(3) Fifteen percent of such moneys shall be placed into the early childhood care and**
9 **education account created in section 196.1087;**

10 **(4) Twenty percent of such moneys shall be placed into the life sciences and medical**
11 **research account created in section 196.1090.**

12 **2. All moneys in the health care trust fund shall be appropriated by the general**
13 **assembly in a separate appropriations bill.**

196.1081. The "Prescription Drug Coverage and Health Care Treatment and
2 **Access Account" is hereby created within the health care trust fund. Appropriations made**
3 **by the general assembly from the health care treatment and access account, shall be used**
4 **and expended solely for prescription drug coverage and health care.**

196.1084. The "Tobacco Prevention, Education and Cessation Account" is hereby
2 **created within the health care trust fund. Moneys in the account shall be used solely for**
3 **tobacco prevention, education and/or cessation, including but not limited to programs to**
4 **prevent tobacco usage by minors, to prevent or reduce tobacco usage generally, and to**
5 **prevent tobacco addiction.**

196.1087. The "Early Childhood Care and Education Account" is hereby created
2 **within the health care trust fund. Moneys in the account shall be used solely for early**
3 **childhood care and/or education, including but not limited to community grants.**
4 **Appropriations made by the general assembly from the account shall be used and**
5 **expended solely for the purpose provided in this section.**

196.1090. The "Life Sciences and Medical Research Account" is hereby created
2 **within the health care trust fund and shall be used and expended solely for life sciences and**
3 **medical research purposes.**

196.1096. The commissioner of administration shall establish such books of account

2 as are necessary to account for the proceeds of any tobacco claim payments made to the
3 state of Missouri and interest thereon and shall make or refuse to make such certifications
4 as are necessary to ensure that these funds are allocated, used and expended only for the
5 purposes and in the proportions set forth in sections 196.1075 to 196.1105.

2 **196.1099. Moneys which are appropriated from the health care trust fund for the**
3 **purposes provided in sections 196.1075 to 196.1105 shall constitute additional amounts**
4 **over and above any moneys that are appropriated for such purposes from general revenue**
5 **as of July 1, 2000. The state shall not reduce the level of funding that was in effect on July**
6 **1, 2000, for such a purpose from general revenue sources because of the appropriation of**
moneys for such purpose from the health care trust fund.

2 **196.1102. Any moneys received by the state as a result of the tobacco settlement**
3 **agreement together with interest and earnings thereon shall not be classified as "total state**
4 **revenues" as defined in sections 17 and 18 of article X of the Missouri Constitution and the**
5 **expenditure of such moneys shall not be an "expense of state government" pursuant to**
6 **section 20 of article X of the Missouri Constitution.**

2 **196.1105. Any funds received by the state as a result of any legal settlement or**
3 **award which is not by statute dedicated to a specific fund or program shall be subject to**
4 **appropriation by the general assembly for programs related to health care and education.**

2 Section B. Section A of this act is hereby submitted to the qualified voters of this state
3 for approval or rejection at a special election which is hereby ordered and which shall be held
4 and conducted on the Tuesday immediately following the first Monday in November, 2001,
5 pursuant to the laws and constitutional provisions of this state applicable to general elections and
6 the submission of referendum measures by initiative petition, and it shall become effective when
approved by a majority of the votes cast thereon at such election and not otherwise.

2 Section C. The official summary statement for the proposed referendum measure of this
3 act shall read as follows:

3 "Authorizes deposit of tobacco settlement moneys into funds for use in smoking
4 prevention, health care and prescription drug coverage for seniors, life sciences and medical
5 research, early childhood care and education, and an endowment fund which would not be
6 subject to the constitutional limit on state spending. Defeat of the referendum measure would
7 not create the funds and the moneys shall be credited to general revenue for appropriation by the
8 general assembly."